HARBORSIDE CONDOMINIUM TRUST

4 November 2007

Letter to Harborside Owners – 2007 Financial Projections & 2008 Budget

Dear Harborside Owners:

The purpose of this letter is to provide an update of the 2007 year-end Budget projections and to present the 2008 Budget and new Common Element Fee Schedule (please see attached). You will also find an update of the Building D structural repairs and drainage project.

2007 Financial Projections – As indicated at the 2007 Annual Meeting, we continue to project a balanced 2007 Operating Budget, while simultaneously funding the $25,000 annual Reserve contribution. Projected overruns in unexpected Maintenance & Repair items, Legal, and Water & Sewer will be partially offset by projected under runs in Snow Removal, Building Cleaning, and Natural Gas consumption. Following the policy of utilizing Reserve funds to cover unexpected expenses, we will transfer approximately $12,000 (8% of the total Budget) to the Operating Account. A bad year-end snowfall(s) remains the only wild card.

2008 Budget – At the August Owners Meeting, we proposed a 2008 Budget of $152,580, a $6,000 or 4% increase in Common Element Fees and there is no change to that Budget. Snow Removal will be reduced by $1,000 and Maintenance & Repair will increase by $7,000, reflecting 2007 financial performance to date. The Reserve Account will remain at $25,000. This 4% increase compares favorably with the 11% increase in 2007, 17% increase in 2006, and 16% increase in 2005.

Building D Structural Repair and Drainage Capital Reserve Project – As reported previously, this project involves two major activities: (1) Replacement of a corroded steel I-beam and lolly columns under and within the D Building; and, (2) Installing a drainage system, integrated with drains around the B/D Buildings and running under the D Building to the southeast corner of the building foundation and seawall. Bergman & Associates has issued an update to the initial request for proposal (RFP) and expects to recommend a general contractor by the end of November. We expect to complete the project over the coming winter months. As this will be an expensive project and require a Special Assessment, we expect to execute a bank loan and distribute the Assessment over several months.

As for other projected Special Assessments – We continue to defer repair or replacement of the north retaining wall (between Harborside and the Boston Yacht Club). As soon as we determine the best course of action, we'll update you.

In summary, the goal of the Trustees remains to create reasonable Operating and Reserve Budgets that do not require Special Assessments to pay for operating expenses, while at the same time being mindful of the long term infrastructure needs of our uniquely beautiful and valuable place to live.

Thank you,

The Trustees

Attachment: 2008 Budget and Common Element Fee Schedule